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MICKEY LELAND CHILDHOOD HUNGER RELIEF ACT

NOVEMBER 26 (legislative day, NOVEMBER 23), 1991.—Ordered to be printed

Mr. LEAHY, from the Committee on Agriculture, Nutrition, and Forestry, submitted the following

REPORT

together with

ADDITIONAL VIEWS

100S-C1

100S-D

Y1.1/8:102-252.

[To accompany S. 757]

The Committee on Agriculture, Nutrition, and Forestry, to which was referred the bill (S. 757) to amend the Food Stamp Act of 1977 to respond to the hunger emergency afflicting American families and children, to attack the causes of hunger among all Americans, to ensure an adequate diet for low-income people who are homeless or at risk of homelessness because of the shortage of affordable housing, to promote self-sufficiency among food stamp recipients, to assist families affected by adverse economic conditions, to simplify food assistance programs, administration, and for other purposes having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

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BACKGROUND

THE FOOD STAMP PROGRAM

Congress established the Food Stamp Program in 1964 to alleviate hunger and malnutrition among low-income households. A household's eligibility for the Food Stamp Program and its benefit level are based upon household size, income, and resources. Eligible applicants receive food stamp coupons, or in limited areas, magnetic strip cards or cash, to buy food through normal markets, primarily grocery stores.

The federal government bears the cost of all food stamp benefits and generally pays for 50 percent of most administrative costs. State and local agencies implement and administer the program and pay the remaining administrative expenses. The state agencies generally are responsible for certifying eligible households and issuing them food stamp allotments. The Food Stamp Program operates in every state in the country, as well as the District of Columbia, Guam, and the Virgin Islands. Puerto Rico receives a special nutrition assistance block grant as a substitute for the Food Stamp Program.

Households may receive food stamps by submitting an application form and verification of the facts establishing their eligibility and by having an interview. Households that are found eligible are certified to receive food stamps for a specific period that may be as short as one month or as long as one year.

As originally enacted, the Food Stamp Act provided that households would receive an amount of food stamps whose value was equal to the cost of USDA's Economy Food Plan. Food stamp benefits are now based on the Thrifty Food Plan, which was instituted under court order in 1976. (The food plans are estimates of the amount of money needed to provide an adequate diet for a month.) Households would purchase these food stamps for an amount based upon their income after deductions. Households with no net income would receive their food stamp allotments free of charge.

Congress amended the Food Stamp Act in 1977 to eliminate the purchase requirement. In its place, Congress created a system, which, generally speaking, reduces food stamp allotments by $3 for every $10 of a household's net income.

A series of amendments have sought to target the program's benefits on those most in need, improve the integrity and accuracy of issuance, and protect groups felt to be in special need, particularly the elderly, the disabled, migrant and seasonal farm workers, and the homeless.

In August 1991, participation in the Food Stamp Program had reached 23.57 million—nearly one in 10 Americans. That was an increase of 3 million from a year earlier.

THE CHILD AND ADULT CARE FOOD PROGRAM

The Child and Adult Care Food Program provides federal dollars to child care institutions so that children can receive nutritious

breakfasts, lunches, suppers, and snacks. In day care centers, the program is operated much like the School Lunch Program, in that child care agencies keep records of the free, reduced-price and full-price meals and are reimbursed for the number of meals served. Child care institutions may also receive USDA commodities. A separate component of the program assists adults in care programs.

The individual eligibility standards for meals served in nonprofit institutions are the same as for the School Lunch and Breakfast Programs (below 185 percent of poverty). Family day homes may participate if sponsored by a nonprofit umbrella agency. Meals served in family day care homes are not means-tested; there is a flat reimbursement for each meal served. For-profit child care centers may participate in the program if at least 25 percent of the children they serve receive assistance under Title XX of the Social Security Act.

THE NATIONAL SCHOOL LUNCH PROGRAM

Federal assistance is provided to the states, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam for use in serving nutritious lunches and breakfasts, to children attending residential and nonresidential schools of high school grades or under, in order to improve the health and well-being of the Nation's children, and broaden the markets for agricultural food commodities.

School lunches must meet meal pattern requirements set by USDA. Current law requires that school lunches offer whole milk and a lowfat unflavored milk, although other types of milk may also be offered.

PURPOSE AND NEED

Recent and dramatic increases in the number of people seeking assistance from the Food Stamp Program emphasize the importance of this program to individuals and families who are struggling toward self-sufficiency, or who are newly out of work.

Reports from various other parts of the country indicate that demands on other food programs have also increased. Food pantries in the New Haven, Connecticut area have seen a 56 percent increase in the number of meals given away over the past two years. In Vermont, the demand on food shelves increased 45 percent between 1990 and 1991.

Food stamp benefits increase the purchasing power of the poor by about $20 billion. The Committee recognizes that this money buys not simply food for hungry people, but also healthier children, more productive workers, and the independence of the elderly and the disabled. These are valuable goals both for individuals and their communities.

IMPROVING FOOD STAMP BENEFITS

The Mickey Leland Childhood Hunger Relief Act reflects the Committee's concern that the current rules of the Food Stamp Program, in specific situations, do not provide a fair assessment of a family's need for assistance.

For example, relatives living together currently are treated as a single household, even if they buy and prepare their food separate-

ly. The bill would change the household definition so that certain relatives who buy and cook separately would be considered separate households.

Under the Hunger Prevention Act of 1988, basic food stamp benefits are set at 103 percent of the cost of the previous June's Thrifty Food Plan. Food stamp benefit levels are adjusted every October to reflect food costs the previous June. Even at 103 percent, the maximum food stamp benefit lags behind the current cost of the Thrifty Food Plan through the second half of the year. Actual food costs for the second half of the year have been an average of 5 percent higher than the Thrifty Food Plan. The Committee believes that basic food stamp benefits should be increased in stages, to a level more closely reflecting the actual current cost of purchasing the Thrifty Food Plan.

Currently, most households may deduct shelter expenses that exceed 50 percent of their incomes, but only up to $194 a month. (This cap does not apply to elderly and disabled households.) The excess shelter deduction was enacted to avoid forcing households with high housing and utility costs to choose between eating and paying rent. Data from the Department of Housing and Urban Development and the Census Bureau show that 45 percent of all poor renters spend at least 70 percent of their incomes on shelter costs.

Congress imposed the cap on excess shelter deductions to keep "high income" households off food stamps at a time when eligibility was based on income after deductions. Gross income limits have since been added to the program to exclude higher income households without regard to their deductible expenses.

The excess shelter cap does not accurately reflect the amount that poor families must spend for housing. Families with children are most severely burdened because there is no allowance made for household size. The Committee feels that the excess shelter cap should be eliminated from the Food Stamp Program for all households.

Another inconsistency the Committee believes should be addressed is the current rule that allows a household with a disabled member to have resources of only $2,000. Under current law households containing at least one elderly member are subject to a $3,000 limit. The Mickey Leland Bill would remove the one remaining area in the Food Stamp Program in which the elderly and the disabled are treated differently.

Finally, the Committee notes that the current $4,500 limit on the fair market value of vehicles that food stamp recipients may own has not been changed since 1977. Working families, or those out of work, often depend on a reliable vehicle to get to or seek work. The Committee feels strongly that the amount of the vehicle exclusion should be raised to $5,500, and indexed to inflation. The President's Task Force on Food Assistance in January 1984 also recommended that the limit be raised to $5,500.

ENCOURAGING CHILD SUPPORT

Under present law, no exclusion from income is provided for child support payments an absent parent makes. This means that if an absent father remarries and has children in his second

family—but still has low income—the payments he makes to support the children in his first family are counted as though they represented income still available to buy food for his current family. The Committee feels that this is an unrealistic reflection of the resources available to the father's current family.

Also, under current law child support payments are counted as income. The bill excludes the first $50 a month paid as child support from consideration as income in determining food stamp allotments.

The Committee believes that the need for further measures should be explored in the next session of Congress to encourage absent parents to pay child support and give children the resources they deserve.

ASSISTING THE HOMELESS AND THE RURAL POOR

Current law excludes vendor payments for transitional housing for the homeless up to an amount equal to half of the AFDC maximum shelter allowance, in addition to all vendor payments greater than the maximum AFDC grant.

The Committee feels that none of these vendor payments should be counted against homeless households since they are not in fact available to households, and cannot be used for food. Thus, the bill excludes all vendor payments for housing that meets the definition of "transitional housing" for the homeless. The bill also allows USDA to make grants to improve the Food Stamp Program's service to homeless individuals.

Households in rural areas face particular difficulties in participating in the Food Stamp Program. These barriers include long distances to state or county food stamp centers; reliance on others for transportation; and increased social stigma. As a result, food stamp participation is quite low in many impoverished rural areas. The bill provides funds for demonstration projects of at least two years to study and break down these barriers to participation in rural areas.

IMPROVING CHILD NUTRITION

Currently, for-profit child care centers can only participate in the Child Care Food Program if over 25 percent of attending children receive Title XX funding. Many for-profit centers, however, serve substantial numbers of low-income children without the benefit of Title XX funding. Growing numbers of low-income children, for example, attend such centers through JOBS programs or Child Care and Development Block Grant activities.

In order to enable many needy children to receive the nutritional meals that low-income children at non-profit centers already receive, the bill expands program eligibility to for-profit centers which serve more than 25 percent low-income children (below 185 percent of poverty).

Under current law, most schools that operate after-hours child care programs must qualify as child care centers in order to receive federal snack subsidies. Many schools do not participate because of the complications of having to operate the child care program separately from their lunch programs.

The bill allows schools to receive snack reimbursements through the school lunch program for after-hours child care.

Many homeless children under the age of 6 are not in child care facilities or in school, and therefore do not benefit from the school lunch, school breakfast, and child care food programs. These children deserve attention.

The Child Nutrition and WIC Reauthorization Act of 1989 set aside a small amount of funding for pilot projects to provide year-round food service to homeless children under age 6 in emergency shelters. Currently these projects are operating, or are scheduled to operate, in nine locations.

The bill would expand the homeless preschoolers program by allowing public sponsors to participate, and would provide increased funding for this activity.

The bill also allows school lunch programs to offer fluid milk of their choosing. Current law requires that whole milk and a lowfat unflavored milk be offered, although other types of milk may also be offered. Nutrition advocates and schools have argued that the requirement is an unnecessary burden and that local schools should choose what types of milk to serve.

EXPLANATION OF TITLES

TITLE I—FOOD STAMP PROGRAM

Sec. 101. Simplifying the household definition for households with children and others

This section would allow certain relatives to be separate food stamp households if they buy and cook food separately, except that minor children could not be separate from their parents, and spouses could not apply separately. People who buy and cook together, regardless of whether or not they are relatives, would still be combined into single households.

Current law requires that siblings apply together, and that adult children living with their parents apply together with their parents, even if they do not buy and cook food together.

Sec. 102. Increase in basic benefit level

This section would raise basic food stamp benefits in stages to a level more closely reflecting the actual current cost of purchasing the Thrifty Food Plan, instead of the cost of the Plan in the previous June. Under the Hunger Prevention Act of 1988, basic food stamp benefits are set at 103 percent of the cost of the previous June's Thrifty Food Plan. Food stamp benefit levels are adjusted every October to reflect food costs the previous June. Under this section, the percentage add-on to the previous June's Thrifty Food Plan that would serve as the basis of each year's food stamp benefits would rise by one-half of a percent each year until it reaches 105 percent.

Sec. 103. Child support payments to non-household members

This section would exclude from the income of a low-income household any legally binding child support payments a household member makes to support a child outside of the household.

Under present law, no exclusion from income is provided for child support payments an absent parent makes. This means that if an absent parent remarries and has children in his second family—but still has low income—the payments he makes to support the children in his first family are counted as though they represented income still available to buy food for his current family. The Committee believes that this is an unrealistic reflection of the resources available to the father.

Sec. 104. Exclusion of child support payments from income

This section would exclude the first $50 a month paid as child support from consideration as income in determining food stamp allotments. Under current law child support payments are counted as income.

Sec. 105. Elimination of cap on excess shelter deduction

This section would allow all households to deduct high shelter costs in the same way that elderly and disabled households do at present. Under current law, most households may deduct shelter expenses that exceed 50 percent of their incomes, but only up to $194 per month. The cap does not apply to elderly and disabled households; the bill would remove it for other households as well.

The excess shelter deduction was enacted to avoid forcing households with high housing and utility costs to choose between eating and paying their shelter costs. Data from the Department of Housing and Urban Development and the Census Bureau show that 45 percent of all poor renters spend at least 70 percent of their incomes on shelter costs.

Sec. 106. Resources of households with disabled members

This section increases the resource limit for any household containing a disabled member to $3,000.

Under current law, most households have a resource limit of $2,000, while those containing at least one elderly member are subject to a $3,000 limit. This amendment would remove the last area in the Food Stamp Program in which the elderly and the disabled are treated differently.

Sec. 107. Vehicles needed to seek and continue employment and for household transportation

This section would raise the current $4,500 threshold above which the fair market value of vehicles that food stamp recipients own is counted as an asset. The threshold would be raised to $5,500, and indexed to inflation.

The current $4,500 vehicle threshold was written into the Act in 1977 and has not been changed since. The Consumer Price Index for cars has risen 120 percent since 1977. Working families, or those out of work, often depend on a reliable vehicle to get to or seek work. The President's Task Force on Food Assistance recommended in 1984 that this threshold be increased to $5,500 immediately.

Sec. 108. Homeless families in transitional housing

This section excludes from food stamp income calculations all vendor payments for housing that meets the definition of "transitional housing" for the homeless.

Current law excludes vendor payments for transitional housing for the homeless up to an amount equal to half of the AFDC maximum shelter allowance plus any amounts above the normal AFDC grant. These vendor payments should not be counted against homeless households since they are not in fact available to households and cannot be used for food.

Sec. 109. Barriers in rural areas

Households in rural areas face particular difficulties in participating in the Food Stamp Program. These barriers can include: long distances to state or county food stamp centers; reliance on others for transportation; and increased social stigma. As a result, food stamp participation is quite low in many impoverished rural areas.

This bill provides funds for demonstration projects of at least two year duration to study and break down these barriers to participation in rural areas. The Secretary of Agriculture would be required to conduct projects over a five year period designed to improve accessibility to the Food Stamp Program. Additionally, upon the approval of the Secretary, states could conduct their own demonstration projects and receive a 60 percent funding match from the federal government to cover costs. Since states normally would receive only 50 percent of administrative costs, this enhanced matching rate is designed to encourage states to participate.

Demonstration projects would be designed to study and test the following procedures aimed at increasing participation: promotion of in-home and telephone interviews and mail applications; more flexible office hours; more accessible sites for eligibility certification and benefit issuance; expanded outreach activities; outstationing of agency staff; reduced verification and reporting requirements; and enhanced coordination with other agencies such as the Expanded Food and Nutrition Extension Program, community action agencies, and other local organizations in providing program information, screening and advising applicants, and providing transportation. Other procedures for improving accessibility and participation could also be considered.

Sec. 110. Homeless participation projects

This section allows USDA to make grants to improve the effectiveness of the Food Stamp Program in reaching homeless individuals. Not more than $1,000,000 would be available for these grants in any fiscal year.

TITLE II—NUTRITION PROGRAMS

Sec. 201. Provision of fluid milk

This section allows school lunch programs to offer fluid milk of their choosing. Current law requires that whole milk and a lowfat unflavored milk be offered as part of a school lunch, although other types of milk may also be offered. Nutrition advocates and

schools have argued that the requirement is an unnecessary burden which discourages healthful eating and that local schools should be able to choose what kind of milk to serve.

Sec. 202. Participation of private residential day care organizations in child and adult care food program

Currently, for-profit child care centers can only participate in the Child Care Food Program if over 25 percent of attending children receive Title XX funding. Many for-profit centers, however, serve substantial numbers of low-income children without the benefit of Title XX funding. Growing numbers of low-income children, for example, attend such centers through JOBS or the Child Care and Development Block Grant programs. Expanding program eligibility to for-profit centers which serve more than 25 percent low-income children (below 185 percent of poverty) would enable many needy children to receive the nutritional meals that low-income children at non-profit centers already receive.

Sec. 203. Meal supplements for children in after-school care

Schools that operate after-hours child care programs must qualify as child care centers in order to receive federal snack subsidies. Many schools do not participate because of the complications of having to operate the child care program separately from their lunch programs. Allowing schools to receive snack reimbursements through their lunch programs will encourage more schools to offer nutritious snacks to children in their after-school care. Further, many child care advocates believe that the change could also encourage more schools to offer after-school child care, hence providing more children with a safe and healthy after-school environment.

Sec. 204. Assistance to homeless preschool children

Many homeless children under the age of 6 are not in child care facilities or in school, and therefore do not have ready access to the government's nutrition programs for children. The nutritional needs of these children deserve attention.

The Child Nutrition and WIC Reauthorization Act of 1989 set aside a small amount of funding for pilot projects to provide year-round food service to homeless children under age 6 in emergency shelters. Currently there are projects operating, or about to commence, in nine locations.

The bill would expand the homeless preschoolers program by allowing public sponsors to participate, and would provide increased funding. This bill establishes minimum funding amounts that would be expended by the Secretary of Agriculture from child nutrition accounts in each year: $2 million in 1992, $2 million in 1993 and $4 million in 1994. These amounts are mandatory (assuming a sufficient number of applicants) and would not be subject to appropriation. A maximum of $5 million would be available in total each year.

TITLE III—EFFECTIVE DATES

Sec. 301. Effective dates

Except for Section 203, which is effective July 1, 1991, the provisions of the bill are effective January 1, 1992.

COMMITTEE CONSIDERATION

The Committee met in open session on November 22, 1991, to mark up legislation including S. 757, the Mickey Leland Childhood Hunger Prevention Act. Other legislation incorporated in the bill included S. 499, Senator Lugar's bill dealing with school lunch program milk requirements, and two measures introduced by Senator McConnell. These two bills, S. 223 and S. 224, would, respectively, allow schools to receive reimbursement through their school lunch program for snacks served during after-school care, and extend participation in the Child and Adult Care Food Program to for-profit child care centers which serve more than 25% low-income children.

The Chairman and the ranking minority member expressed their views that this bill would not be taken up on the Senate floor until an acceptable funding mechanism is found. Based on that understanding, Chairman Leahy offered a motion to favorably report the bill, as amended, to the Senate. The motion was agreed to by the Committee by a vote of 14–1.

ROLLCALL VOTES

In accordance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, S. 757 was ordered favorably reported with an amendment in the nature of a substitute by a vote of 14–1 as follows:

YEAS	NAYS
Pryor	Helms
Boren	
Heflin	
Conrad	
Fowler	
Daschle	
Baucus	
Lugar	
Cochran	
McConnell	
Craig	
Seymour	
Grassley	
Leahy	

SECTION-BY-SECTION ANALYSIS

SECTION 101. SIMPLIFYING THE HOUSEHOLD DEFINITION FOR HOUSEHOLDS WITH CHILDREN AND OTHERS

This section would allow siblings and adult children living with their parents to be separate food stamp households if they buy and cook food separately, except that minor children could not be sepa-

rate from their parents and spouses could not apply separately. People who buy and cook food together, regardless of whether or not they are relatives, would still be combined into single households.

SECTION 102. INCREASE IN BASIC BENEFIT LEVEL

This provision would increase basic benefits (currently 103 percent of the Thrifty Food Plan) by one-half percent of the value of the Thrifty Meal Plan each year through 1995, starting in 1992.

SECTION 103. CHILD SUPPORT PAYMENTS TO NON-HOUSEHOLD MEMBERS

This section would exclude from the income of a low-income household (for the purpose of calculating food stamp eligibility and benefits) and legally binding child support payments a household member makes to support a child outside of the household.

SECTION 104. EXCLUSION OF CHILD SUPPORT PAYMENTS FROM INCOME

Under this provision, the first $50 per month in child support payments would not be counted for food stamp benefit and eligibility purposes.

SECTION 105. ELIMINATION OF CAP ON EXCESS SHELTER DEDUCTION

This provision would allow all households to deduct the full amount of their excess shelter costs for income determinations.

SECTION 106. RESOURCES OF HOUSEHOLDS WITH DISABLED MEMBERS

This section would include disabled persons in the category of those who are allowed to have a higher amount of resources and remain eligible for food stamps.

SECTION 107. VALUE OF VEHICLES EXCLUDED FROM ALLOWABLE FINANCIAL RESOURCES

This section increases the threshold above which the fair market value of a family's car would be counted as a food stamp asset from the current $4,500 to $5,500. It also indexes that amount in future years.

SECTION 108. HOMELESS FAMILIES IN TRANSITIONAL HOUSING

This section excludes from food stamp income calculations all vendor payments for housing that meets the definition of "transitional housing" for the homeless.

SECTION 109. BARRIERS IN RURAL AREAS

This section would fund demonstration projects to study barriers to participation in rural areas.

SECTION 110. HOMELESS PARTICIPATION PROJECTS

This section allows USDA to make grants to improve the Food Stamp Program's service to homeless individuals.

SECTION 201. PROVISION OF FLUID MILK

This section allows school lunch programs to offer fluid milk of their choosing. Current law requires that whole milk and a lowfat unflavored milk be offered at lunch, although other types of milk may also be offered.

SECTION 202. PARTICIPATION OF PRIVATE RESIDENTIAL DAY CARE ORGANIZATIONS IN CHILD AND ADULT CARE FOOD PROGRAM

This section would allow for-profit child care centers to participate in the Child Care Food Program if over 25 percent of attending children are low-income (below 185 percent of poverty). For-profit centers currently can qualify for the Child Care Food Program if over 25 percent of attending children are receiving funding under Title XX of the Social Security Act.

SECTION 203. MEAL SUPPLEMENTS FOR CHILDREN IN AFTERSCHOOL CARE

This provision allows schools to participate in the afterschool child care snack program through their lunch programs.

SECTION 204. ASSISTANCE TO HOMELESS PRESCHOOL CHILDREN

This provision would provide increased funding for the homeless pre-schoolers program (currently running in Philadelphia and approved for about eight more sites) to encourage similar projects in more cities, and would allow public sponsors to participate in the program.

SECTION 301. EFFECTIVE DATES

The effective date for all sections except section 203 is January 1, 1992. The effective date for section 203 is July 1, 1991.

CBO COST ESTIMATE

In compliance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee has included the cost estimate provided by the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 26, 1991.

Hon. PATRICK J. LEAHY,
Chairman, Committee on Agriculture, Nutrition and Forestry, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 757, the Mickey Leland Hunger Relief Act, as ordered reported by the Senate Committee on Agriculture on November 22, 1991.

This bill would affect direct spending and thus would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT F. HALE
(For Robert D. Reischauer).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 757.
2. Bill title: The Mickey Leland Childhood Hunger Relief Act.
3. Bill status: As ordered reported by the Senate Committee on Agriculture on November 21, 1991.
4. Bill purpose: S. 757 would increase benefit levels and expand eligibility in the Food Stamp and Child Nutrition programs.
5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1992	1993	1994	1995	1996
Direct spending:					
Estimated budget authority	635	1,098	1,317	1,509	1,704
Estimated outlays	633	1,095	1,317	1,508	1,703

The costs of this bill fall within budget function 600.

Basis of estimate: Title I is estimated to increase outlays under the Food Stamp program by $620 million in 1992 and by $6.1 billion over the 1992–1996 projection period. Title II is estimated to increase outlays under the Child Nutrition programs by $13 million in 1992 and by $0.2 billion over the five year period. Costs are estimated as changes relative to CBO's February 1991 baseline, which assumes outlays of $20 billion in 1992 and $104 billion over 1992–1996 for the Food Stamp program, and outlays of $6 billion in 1992 and $33 billion over the five-year period for the Child Nutrition programs. CBO's most recent projections of food stamp spending are somewhat higher, and the budgetary impact of S. 767 would be higher if measured against such projections.

A section-by-section analysis of costs is shown in Table 1 and discussed below. Title III states that all provisions are effective January 1, 1992, with the exception of Section 203, which has an effective date of July 1, 1991.

Title I—Food stamps

Section 101: Expand household definition

This section would change the definition of the food stamp household. The new definition would allow relatives to form separate food stamp units if they customarily purchase food and prepare meals separately from other members of the household. Under current law, only selected categories of relatives (elderly or disabled parents and siblings, and minor children and their parents) are allowed to split off to form separate food stamp units. Forming separate food stamp units would result in an increase in aggregate benefits for family members because they would receive two or more

standard deductions rather than one, and benefits would be adjusted to reflect economies of scale. Furthermore, some people may become newly eligible because of excluding the income or resources of related persons in their households. It is difficult to estimate how many households would split into two or more units, or how many households would become newly eligible. The estimated costs increase from $40 million in fiscal year 1992 to $85 million in fiscal year 1996. The costs in fiscal years 1992 and 1993 have been adjusted to reflect a delay due to program implementation. These costs, which are highly uncertain, are based on analysis of existing household composition as reported in the summer 1986 Quality Control database and information on Aid to Families with Dependent Children (AFDC) household composition as reported in two reports by the General Accounting Office.

Section 102: Increase maximum allotment

This section would increase maximum allotments for all food stamp households over a four-year period, from the baseline level of 103 percent of the Thrifty Food Plan in 1992 to 105 percent in 1996. The first increase would occur on October 1, 1992. According to CBO projections, the fiscal year 1996 maximum allotment for a family of four would increase by $8.20 and the average monthly benefit per person would increase by $2.00. Estimated costs are $120 million in 1993, rising to $515 million in 1996.

Section 103: Disregard child support from income of absent parent

Under section 103, an absent parent making child support payments to another family would be allowed to exclude such payments from his income when determining food stamp benefits. Based on data from the Current Population Survey (CPS), the Quality Control database and various other studies, this estimate assumes that 40 percent of the child support payments received by poor women with children from absent fathers are paid by absent fathers who also are poor. The estimate further assumes that 30 percent of the absent fathers who are poor and who are paying child support also receive food stamps. Under these assumptions, $200 million of the $1,648 million in child support payments received by poor custodial parents in 1987 was paid by members of food stamp households. Excluding these payments would have cost an estimated $65 million in 1987, rising to full-year cost of $100 million in 1992, reflecting projected growth in child support payments. Estimated costs for 1992 were reduced to $75 million because the bill specifies January 1, 1992 as the effective date for this provision.

Section 104: Disregard $50 of child support payments

This section would allow households receiving benefits under the AFDC program to disregard the first $50 in child support payments for the purposes of determining food stamp benefits. This change would bring the Food Stamp program into conformity with the current $50 disregard of child support in the AFDC program. The disregard would not be available for food stamp households that do not receive AFDC. Disregarding income would increase food stamp

benefits because benefits are inversely related to household income. CBO estimates that outlays would increase by $80 million in 1992 and by $120 million in 1993, with costs reaching $135 million in 1996. These costs are based on cost data from the existing disregard in the AFDC program, with adjustments for projected increases in child support collections.

Section 105: Eliminate cap on excess shelter deduction

Section 105 would increase food stamp benefits to households with high housing and utility costs by eliminating the cap on the excess shelter deduction on January 1, 1992. This change is estimated to increase food stamp benefits by an average of $33 per month for 1.3 million households out of a total of 8.5 million households in 1992. Added costs would be $370 million in 1992 and $505 million in 1993, with costs increasing to $565 million in 1996. These estimates are based on simulations using data from the Food Stamp Quality Control samples for the winter and summer of 1988.

Section 106: Raise asset limitations for the disabled

The bill would allow low-income households with disabled members to own assets worth up to $3,000 without losing food stamp eligibility. The current eligibility limitation is $2,000, except for households with elderly participants. CBO estimates a full-year cost of $10 million annually, based on eligibility simulations using data from the Survey of Income Program and Participation (SIPP).

Section 107: Raise vehicle asset limitations

Section 107 would make it easier for low-income households who own vehicles to qualify for the food stamp program.The value of a vehicle above $4,500 is a countable asset under current eligibility rules. This provision would increase the $4,500 threshold to $5,500 on January 1, 1992, and would further increase it on each subsequent October 1 to reflect the annual increase in car prices, as measured by an index selected by the Secretary of Agriculture. CBO estimates that the threshold would rise to $6,330 by 1996, at which time an estimated 75,000 additional households would be brought onto the program. Added costs are estimated to increase from $45 million in 1992 to $195 million in 1996. These estimates are based on eligibility simulations using SIPP data. The estimate is uncertain because of the range of plausible participation rates for low-income households with high vehicle assets.

Section 108: Exclude transitional housing payments

Section 108 would exclude from income third-party payments for transitional housing when calculating food stamp benefits, amending the current law that counts a portion of such payments in states with separate shelter allowance components in their AFDC program. This section is estimated to cost $2 million in 1992, rising to $5 million in 1996, based on the size of the AFDC shelter allowance and the number of families living in transitional housing in New York.

Section 109: Reduce barriers in rural areas

This section would direct the Secretary of Agriculture to conduct pilot projects to test program changes designed to increase participation in rural areas. The federal government would pay up to 60 percent of the administrative costs related to implementation of such projects. Costs are estimated to be approximately $5 million annually, including the administrative costs of the projects and increases in benefits resulting from successful efforts to increase participation. Fiscal year 1992 costs were reduced to $2 million to reflect start-up time for new projects. CBO estimated the benefit impact by analyzing local and state agency efforts to conduct general outreach projects. Costs for these pilot projects could be higher or lower, depending on the type of projects conducted.

Section 110: Authorize homeless projects

Section 110, which would allow the Secretary of Agriculture to spend up to $1 million on grants for projects to improve the delivery of food stamp benefits to homeless individuals, is estimated to cost $1 million per year. This provision could cost more than $1 million annually, to the extent that there are benefit costs if the projects are successful in enrolling homeless individuals on the Food Stamp program. However, these potential benefit increases are expected to be modest, and may be offset by the Secretary's discretion to spend less than $1 million in grants.

Title II—Child nutrition

Section 202: Extend eligibility to certain child care centers

This section would allow for-profit child care centers to participate in the Child and Adult Care Food Program (CACFP) if more than 25 percent of the children served by the center meet the eligibility criteria for free and reduced price school lunches under the National School Lunch Program. Children from families with incomes below 185 percent of the federal poverty guidelines prescribed by the Office of Management and Budget are eligible for free and reduced price meals. Under current law, for-profit child care centers may participate in the CACFP if more than 25 percent of their enrollment receive funding from the Title XX Social Service Block Grant.

CBO estimates that outlays would increase by $6 million in 1992 and $16 million in 1996. According to data from the United States Department of Agriculture (USDA), approximately 1,650 for-profit centers currently participate in the CACFP. It is assumed that approximately 800 newly-eligible for-profit centers would choose to participate in the CACFP as a result of this provision. Nevertheless, the estimates of the newly eligible centers participating are uncertain because of recent expansions in federal funding for child care. Estimated costs per center are based on the estimated baseline costs of for-profit centers currently participating in the CACFP. The fiscal year 1992 costs are reduced to reflect a delay due to program implementation, and costs in later years are adjusted for anticipated inflation.

Section 203: Add snacks to School Lunch Program

This section would allow schools that sponsor after-school care programs to receive reimbursement through the National School Lunch program for meal supplements served in after-school care programs. Under current law, schools sponsoring after-school programs must apply for and receive reimbursement for supplements through the Child and Adult Care Food Program (CACFP) unless the school qualifies for a special exception. This change would simplify application and reporting requirements for schools, resulting in increased federal reimbursements for snacks and served in after-school care programs.

Outlays are estimated to increase by $7 million in 1992 and $26 million in 1996. This estimate assumes that as a result of this provision, federal reimbursement would be provided for supplements served to approximately 340,000 children in elementary and secondary school after-school care programs. Reimbursement rates are based on current CACFP rates for supplements. Fiscal year 1992 costs were reduced to reflect a delay due to implementation, and costs for future years were adjusted for inflation and to reflect anticipated growth in after-school care programs. The provision has a stated effective date of July 1, 1991, which could allow a few schools to claim reimbursements retroactively.

Section 204: Assist homeless children

This section would increase the funds available for demonstration projects to provide food service to homeless children under the age of 6 in emergency shelters from $350,000 in each of the fiscal years 1992 through 1994 to $2 million in fiscal years 1992 and 1993 and $3 million in fiscal year 1994. This would increase the maximum amount of funds available by $1.65 million in 1992 and $2.65 million in 1993 and 1994. CBO estimates that the program would not spend all the new funds, based on the limited response of local agencies to the existing program. Actual spending is estimated to increase by less than $500,000 in fiscal year 1992, and by $2 million in fiscal year 1993 and 1994.

TABLE 1.—ESTIMATED FEDERAL COSTS OF S. 757

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996
Sec. 101. Change household definition:					
Budget authority	40	70	80	85	85
Outlays	40	70	80	85	85
Sec. 102. Increase maximum allotment:					
Budget authority	0	120	245	375	515
Outlays	0	120	245	375	515
Sec. 103. Exclude child support payment from income of absent parent:					
Budget authority	75	110	120	135	145
Outlays	75	110	120	135	145
Sec. 104. Disregard $50 child support payment for AFDC families:					
Budget authority	80	120	125	130	135
Outlays	80	120	125	130	135
Sec. 105. Eliminate cap on shelter deduction:					
Budget authority	370	505	530	545	565
Outlays	370	505	530	545	565

TABLE 1.—ESTIMATED FEDERAL COSTS OF S. 757—Continued

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995	1996
Sec. 106. Raise asset limits for disabled:					
Budget authority	5	10	10	10	10
Outlays	5	10	10	10	10
Sec. 107. Raise vehicle assets limitations:					
Budget authority	45	120	160	180	195
Outlays	45	120	160	180	195
Sec. 108. Exclude transitional housing payments:					
Budget authority	2	3	4	4	5
Outlays	2	3	4	4	5
Sec. 109. Reduce barriers in rural areas:					
Budget authority	2	5	5	5	5
Outlays	2	5	5	5	5
Sec. 110. Authorize homeless grants:					
Budget authority	1	1	1	1	1
Outlays	1	1	1	1	1
Sec. 202. Expand eligibility to certain child care centers:					
Budget authority	7	13	14	15	16
Outlays	6	12	14	15	16
Sec. 203. Add snack to school lunch program:					
Budget authority	8	19	21	24	27
Outlays	7	17	21	23	26
Sec. 204. Assist homeless children:					
Budget authority		2	2	0	0
Outlays		2	2		0
Direct spending total:					
Budget authority	635	1,098	1,317	1,509	1,704
Outlays	633	1,095	1,317	1,508	1,703

6. Pay-as-you-go considerations: The Budget Enforcement Act of 1990 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1995. The bill would have the following pay-as-you-go impact:

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995
Outlays	633	1,095	1,317	1,508
Receipts	(1)	(1)	(1)	(1)

[1] Not applicable

7. Estimated cost to the State and local government: None.

8. Estimate comparison: None.

9. Previous CBO estimate: None.

10. Estimate prepared by: Julia B. Isaacs and Sandra Clark.

11. Estimate approved by: C. G. Nuckols, for James L. Blum, Assistant Director for Budget Analysis.

Regulatory Impact Statement

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee made the following evaluation of the regulatory impact which would be incurred in carrying out S. 757.

The United States Department of Agriculture is charged with issuing regulations necessary to implement the provisions of this bill, as described in the section-by-section analysis. All regulations must be published by July 1, 1991.

Additional Views of Senator Leahy

At a time when thousands of Americans are losing their jobs because of the recession, the United States must do more to feed the hungry and help the newly-unemployed. This legislation will help cushion the shock for families hardest hit by the recession.

Current economic policies have failed.

Let's look at the hard facts. Housing costs are skyrocketing—45 percent of low-income renters spend 70 percent of their paycheck on housing. Many of these families must often choose between feeding their children or keeping a roof over their heads.

The Mickey Leland Bill that the Senate Agriculture Committee reported out today expands nutrition programs to meet the economic demands of the recession. This bill makes important improvements in the Child and Adult Care Food Program, the after-school child care program, and the food stamp program.

Farmers, storekeepers, factory and steel workers across this country are sending their sons and daughters to school hungry every day. Millions of Americans are just two or three paychecks away from hunger.

The bad news is that one in every five children in America lives in poverty. The good news is that over eighty percent of food stamp benefits go to families with children.

The Mickey Leland Bill, for example, adjusts shelter cost estimates to more accurately reflect real costs and provide necessary food stamp benefits. This bill also raises the vehicle asset limit, which food stamp recipients deduct from their income when calculating benefit levels. The current limit of $4,500, which was set over a decade ago, is increased to $5,500 and indexed to inflation.

The bill also allows more low-income children to participate in the Child Care Food Program and the after-school child care program. The Mickey Leland Bill encourages absent fathers to meet their child support payments by not counting the first $50 of support paid or received each month as income for purposes of calculating food stamp payments.

These provisions recognize the economic realities of providing for a family, and act as a safety net that helps put food on the table of working Americans, as well as those who are unemployed.

I have been working with members of the Senate Agriculture, Budget, and Finance Committees to fund this bill. To date, no agreement has been reached.

I have pledged that I will not take this bill to the floor of the Senate until we reach a funding agreement that can be met within the budget. This represents the same understanding as in the House Agriculture Committee. The passage of the Mickey Leland Bill by the Senate Agriculture Committee is a positive step toward realizing a funding agreement.

I want to work with Senate leadership, in a bipartisan fashion, to fund the Mickey Leland Bill. I deeply appreciate the cooperation of all the committee members regarding this bill. Senator Harkin, as chairman of the Nutrition subcommittee has been a major supporter of nutrition programs over the years.

Nutrition issues are not partisan in this Committee. For years Senator Dole has worked to maintain a bipartisan tradition when it comes to nutrition programs. That tradition has been maintained by the ranking member, Senator Lugar, who has become a leader on this issue.

Senator McConnell, the ranking member of the subcommittee, has brought forward excellent ideas especially regrading child nutrition programs. Two excellent provisions of this bill were originally introduced by Senator McConnell. Senator McConnell's provisions would allow more low-income children to participate in the Child Care Food Program and encourage more schools to participate in the after-school child care snack program.

The Mickey Leland Bill takes sensible steps to support families who are struggling to ensure security and self-sufficiency for their families. I urge Congress to reach an agreement soon to fund this important bill.

Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by S. 757 as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Food Stamp Act of 1977

* * * * * * *

DEFINITIONS

Sec. 3. As used in this Act, the term:

(a) "Allotment" means the total value of coupons a household is authorized to receive during each month.

(b) "Authorization card" means the document issued by the State agency to an eligible household which shows the allotment the household is entitled to be issued.

(c) "Certification period" means the period for which households shall be eligible to receive authorization cards. For those households that are required to submit periodic reports under section 6(c)(1) of this Act, the certification period shall be at least six months but no longer than twelve months except that the foregoing limits on the certification period may, with the approval of the Secretary, be waived by a State agency for certain categories of households where such waiver will improve the administration of the program. For households that are not required to submit periodic reports, the certification period shall be determined as follows:

(1) In the case of a household all of whose members are included in a federally aided public assistance or general assist-

ance grant, the period shall coincide with the period of such grant.

(2) In the case of all other households, the period shall be not less than three months: *Provided,* That such period may be up to twelve months for any household consisting entirely of unemployable or elderly or primarily self-employed persons, or as short as circumstances require for those households as to which there is a substantial likelihood of frequent changes in income or household status, and for any household on initial certification, as determined by the Secretary. The maximum limit of twelve months for such period under the foregoing proviso may be waived by the Secretary where such waiver will improve the administration of the program.

(d) "Coupon" means any coupon, stamp, or type of certificate issued pursuant to the provisions of this Act.

(e) "Coupon issuer" means any office of the State agency or any person, partnership, corporation, organization, political subdivision, or other entity with which a State agency has contracted for, or to which it has delegated functional responsibility in connection with, the issuance of coupons to households.

(f) "Drug addiction or alcoholic treatment and rehabilitation program" means any such program conducted by a private nonprofit organization or institution, or a publicly operated community mental health center, under part B of title XIX of the Public Health Service Act (42 U.S.C. 300x et seq.) to provide treatment that can lead to the rehabilitation of drug addicts or alcoholics.

(g) "Food" means (1) any food or food product for home consumption except alcoholic beverage, tobacco, and hot foods or hot food products ready for immediate consumption other than those authorized pursuant to clauses (3), (4), (5), (7), (8), and (9) of this subsection, (2) seeds and plants for use in gardens to produce food for the personal consumption of the eligible household, (3) in the case of those persons who are sixty years of age or over or who receive supplemental security income benefits or disability or blindness payments under title I, II, X, XIV, or XVI of the Social Security Act, and their spouses, meals prepared by and served in senior citizens' centers, apartment buildings occupied primarily by such persons, public or private nonprofit establishments (eating or otherwise) that feed such persons, private establishments that contract with the appropriate agency of the State to offer meals for such persons at concessional prices, and meals prepared for and served to residents of federally subsidized housing for the elderly, (4) in the case of persons sixty years of age or over and persons who are physically or mentally handicapped or otherwise so disabled that they are unable adequately to prepare all of their meals, meals prepared for and delivered to them (and their spouses) at their home by a public or private nonprofit organization or by a private establishment that contracts with the appropriate State agency to perform such services at concessional prices, (5) in the case of narcotics addicts or alcoholics served by drug addiction or alcoholic treatment and rehabilitation programs, meals prepared and served under such programs, (6) in the case of certain eligible households living in Alaska, equipment for procuring food by hunting and fishing, such as nets, hooks, rods, harpoons, and knives (but not equip-

ment for purposes of transportation, clothing, or shelter, and not firearms, ammunition, and explosives) if the Secretary determines that such households are located in an area of the State where it is extremely difficult to reach stores selling food and that such households depend to a substantial extent upon hunting and fishing for subsistence, (7) in the case of disabled or blind recipients of benefits under title I, II, X, XIV, or XVI of the Social Security Act [(42 U.S.C. 401 et seq.)] who are residents in a public or private nonprofit group living arrangement that serves no more than sixteen residents and is certified by the appropriate State agency or agencies under regulations issued under section 1616(e) of the Social Security Act or under standards determined by the Secretary to be comparable to standards implemented by appropriate State agencies under such section [(42 U.S.C. 1382e(e))], meals prepared and served under such arrangement, (8) in the case of women and children temporarily residing in public or private nonprofit shelters for battered women and children, meals prepared and served, by such shelters, and (9) in the case of households that do not reside in permanent dwellings and households that have no fixed mailing addresses, meals prepared for and served by a public or private nonprofit establishment (approved by an appropriate State or local agency) that feeds such individuals and by private establishments that contract with the appropriate agency of the State to offer meals for such individuals at concessional prices.

(h) "Food stamp program" means the program operated pursuant to the provisions of this Act.

(i) "Household" means (1) an individual who lives alone or who, while living with others, customarily purchases food and and prepares meals for home consumption separate and apart from the others, [(2)] *or (2)* a group of individuals who live together and customarily purchase food and prepare meals together for home consumption. *Parents and their minor children who live together and spouses who live together*[, or (3) a parent of minor children and that parent's children (notwithstanding the presence in the home of any other persons, including parents and siblings of the parent with minor children) who customarily purchase food and prepare meals for home consumption separate from other persons, except that the certification of a household as a separate household under this clause shall be reexamined no less frequently than once every 6 months; except that (other than as provided in clause (3)) parents and children, or siblings, who live together] shall be treated as a group of individuals who customarily purchase and prepare meals together for home consumption even if they do not do so[, unless one of the parents or siblings is an elderly or disabled member]. Notwithstanding clause (1) of the preceding sentence, an individual who lives with others who is sixty years of age or older, and who is unable to purchase food and prepare meals because such individual suffers, as certified by a licensed physician, from a disability which would be considered a permanent disability under section 221(i) of the Social Security Act (42 U.S.C. 421(i)) or from a severe, permanent, and disabling physical or mental infirmity which is not symptomatic of a disease shall be considered, together with any of the others who is the spouse of such individual, an individual household, without regard to the purchase of food and preparation of

meals, if the income (as determined under section 5(d) of the others, excluding the spouse, does not exceed the poverty line, as described in section 5(c)(1), by more than 65 per centum. In no event, shall any individual or group of individuals constitute a household if they reside in an institution or boarding house, or else live with others and pay compensation to the others for meals. For the purposes of this subsection, residents of federally subsidized housing for the elderly, disabled or blind recipients of benefits under title I, II, X, XIV, or XVI of the Society Security Act who are residents in a public or private nonprofit group living arrangement that serves no more than sixteen residents and is certified by the appropriate State agency or agencies under regulations issued under section 1616(e) of the Social Security Act or under standards determined by the Secretary to be comparable to standards implemented by appropriate State agencies under such section [(42 U.S.C. 1382e(e))], temporary residents of public or private nonprofit shelters for battered women and children, residents of public or private nonprofit shelters for individuals who do not reside in permanent dwellings or have no fixed mailing addresses, who are otherwise eligible for coupons, and narcotics addicts or alcoholics who live under the supervision of a private nonprofit institution, or a publicly operated community mental health center, for the purpose of regular participation in a drug or alcoholic treatment program shall not be considered residents of institutions and shall be considered individual households.

(j) "Reservation" means the geographically defined area or areas over which a tribal organization (as that term is defined in section 3(p) of this Act) exercises governmental jurisdiction.

(k) "Retail food store" means (1) an establishment or recognized department thereof or house-to-house trade route, over 50 per centum of whose food sales volume, as determined by visual inspection, sales records, purchase records, or other inventory or accounting recordkeeping methods that are customary or reasonable in the retail food industry, consists of staple food items for home preparation and consumption, such as meat, poultry, fish, bread, cereals, vegetables, fruits, dairy products, and the like, but not including accessory food items, such as coffee, tea, cocoa, carbonated and uncarbonated drinks, candy, condiments, and spices, (2) an establishment, organization, program, or group living arrangement referred to in subsections (g)(3), (4), (5), (7), (8), and (9) of this section, (3) a store purveying the hunting and fishing equipment described in subsection (g)(6) of this section, and (4) any private nonprofit cooperative food purchasing venture, including those in which the members pay for food purchased prior to the receipt of such food.

(l) "Secretary" means the Secretary of Agriculture.

(m) "State" means the fifty States, the District of Columbia, Guam, the Virgin Islands of the United States, and the reservations of an Indian tribe whose tribal organization meets the requirements of this Act for participation as a State agency.

(n) "State agency" means (1) the agency of State government, including the local offices thereof, which has the responsibility for the administration of the federally aided public assistance programs within such State, and in those States where such assistance programs are operated on a decentralized basis, the term shall in-

clude the counterpart local agencies administering such programs, and (2) the tribal organization of an Indian tribe determined by the Secretary to be capable of effectively administering a food distribution program under section 4(b) of this Act or a food stamp program under section 11(d) of this Act.

(o) "Thrifty food plan" means the diet required to feed a family of four persons consisting of a man and woman twenty through fifty, a child six through eight, and a child nine through eleven years of age, determined in accordance with the Secretary's calculations. The cost of such diet shall be the basis for uniform allotments for all households regardless of their actual composition, except that the Secretary shall (1) make household-size adjustments (based on the unrounded cost of such diet) taking into account economies of scale, (2) make cost adjustments in the thrifty food plan for Hawaii and the urban and rural parts of Alaska to reflect the cost of food in Hawaii and urban and rural Alaska, (3) make cost adjustments in the separate thrifty food plans for Guam, and the Virgin Islands of the United States to reflect the cost of food in those States, but not to exceed the cost of food in the fifty States and the District of Columbia, (4) through January 1, 1980, adjust the cost of such diet every January 1 and July 1 to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the six months ending the preceding September 30 and March 31, respectively, (5) on January 1, 1981, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding September 30, (6) on October 1, 1982, adjust the cost of such diet to reflect changes in the cost of the thrifty food plan for the twenty-one months ending June 30, 1982, reduce the cost of such diet by 1 per centum, and round the result to the nearest lower dollar increment for each household size, (7) on October 1, 1983, and October 1, 1984, adjust the cost of such diet to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding June 30, reduce the cost of such diet by 1 per centum, and round the result to the nearest lower dollar increment for each household size, (8) on October 1, 1985, and each October 1 thereafter through October 1, 1987, adjust the cost of such diet to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding June 30 and round the result to the nearest lower dollar increment for each household size, (9) on October 1, 1988, adjust the cost of such diet to reflect 100.65 percent of the cost of the thrifty food plan in the preceding June, and round the result to the nearest lower dollar increment for each household size, (10) on October 1, 1989, adjust the cost of such diet to reflect 102.05 percent of the cost, in the preceding June (without regard to the adjustment made under clause (9)), of the then most recently thrifty food plan as determined by the Secretary or the cost of the thrifty food plan in effect on the date of enactment of the Hunger Prevention Act of 1988 [September 19, 1988], whichever is greater, and round the result to the nearest lower dollar increment for each household size[, (11) on October 1, 1990, and each October 1 thereafter,] *(11) on October 1, 1990,* adjust the cost of such diet to reflect 103 percent of the cost, in the preceding June (without regard to any previous adjustment made under clause (9), (10),

or this clause), of the then most recently thrifty food plan as determined by the Secretary or the cost of the thrifty food plan in effect on the date of enactment of the Hunger Prevention Act of 1988 [September 19, 1988], whichever is greater, and round the result to the nearest lower dollar increment for each household size *(12) on October 1, 1991, adjust the cost of such diet to reflect 103 percent of the cost of the thrifty food plan in the preceding June, as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size, (13) on October 1, 1992, adjust the cost of such diet to reflect 103½ percent of the cost of the thrifty food plan in the preceding June, as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size, (14) on October 1, 1993, adjust the cost of such diet to reflect 104 percent of the cost of the thrifty food plan in the preceding June, as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size, (15) on October 1, 1994, adjust the cost of such diet to reflect 104.5 percent of the cost of the thrifty food plan in the preceding June, as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size, and (16) on October 1, 1995, and each October 1 thereafter, adjust the cost of such diet to reflect 105 percent of the cost of the thrifty food plan in the preceding June, as determined by the Secretary, and round the result to the nearest lower dollar increment for each household size, except that each adjustment made under clause (11) through this clause shall be made without regard to any previous adjustment made under clause (9) through this clause.*

* * * * * * *

SEC. 5. (a) Participation in the food stamp program shall be limited to those households whose incomes and other financial resources, held singly or in joint ownership, are determined to be a substantial limiting factor in permitting them to obtain a more nutritious died. Notwithstanding any other provisions of this Act except sections 6(b), 6(d)(2), and 6(g) and the third sentence of section 3(i), households in which each member receives benefits under a State plan approved under part A of title IV of the Social Security Act [(42 U.S.C. 601 et seq.)], supplemental security income benefits under title XVI of the Social Security Act [(42 U.S.C. 1381 et seq.)], or aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act [(42 U.S.C. 301 et seq.)], shall be eligible to participate in the food stamp program. Except for sections 6, 16(e)(1), and the third sentence of section 3(i), households in which each member receives benefits under a State or local general assistance program that complies with standards established by the Secretary for ensuring that the program is appropriate for categorical treatment shall be eligible to participate in the food stamp program. Assistance under this program shall be furnished to all eligible households who make application for such participation.

(b) The Secretary shall establish uniform national standards of eligibility (other than the income standards for Alaska, Hawaii, Guam, and the Virgin islands of the United States established in accordance with subsections (c) and (e) of this section) for participation by households in the food stamp program in accordance with

the provisions of this section. No plan of operation submitted by a State agency shall be approved unless the standards of eligibility meet those established by the Secretary, and no State agency shall impose any other standards of eligibility as a condition for participating in the program.

(c) The income standards of eligibility shall be adjusted each October 1 and shall provide that a household shall be ineligible to participate in the food stamp program if—

(1) the household's income (after the exclusions and deductions provided for in subsections (d) and (e)) exceeds the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for the forty-eight contiguous States and the District of Columbia, and Guam, respectively; and

(2) in the case of a household that does not include an elderly or disabled member, the household's income (after the exclusions provided for in subsection (d) but before the deductions provided for in subsection (e)) exceeds such poverty line by more than 30 per centum.

In no event shall the standards of eligibility for the Virgin Islands of the United States or Guam exceed those in the forty-eight contiguous States.

(d) Household income for purposes of the food stamp program shall include all income from whatever source excluding only (1) any gain or benefit which is not in the form of money payable directly to a household (notwithstanding its conversion in whole or in part to direct payments to households pursuant to any demonstration project carried out or authorized under Federal law including demonstration projects created by the waiver of provisions of Federal law), except as provided in subsection (k), (2) any income in the certification period which is received too infrequently or irregularly to be reasonably anticipated, but not in excess of $30 in a quarter, subject to modification by the Secretary in light of section 5(f) of this Act, (3) all educational loans on which payment is deferred, grants, scholarships, fellowship, veterans' educational benefits, and the like (A) to the extent that they are used for tuition and mandatory school fees (including the rental or purchase of any equipment, materials, and supplies required to pursue the course of study involved) at a recognized institution of post-secondary education, at a school for the handicapped, in a vocational education program, or in a program that provides for completion of a secondary school diploma or obtaining the equivalent thereof, (B) to the extent that they do not exceed the amount made available as an allowance determined by such school, institution, or program for books, supplies, transportation, and other miscellaneous personal expenses (other than living expenses), of the student incidental to attending such school, institution, or program, and (C) to the extent loans include any origination fees and insurance premiums, (4) all loans other than educational loans on which repayment is deferred, (5) reimbursements which do not exceed expenses actually incurred and which do not represent a gain or benefit to the household and any allowance a State agency provides no more frequently than annually to families with children on the occasion of those children's entering or returning to school or child care for the purpose of ob-

taining school clothes (except that no such allowance shall be excluded if the State agency reduces monthly assistance to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in the month for which the allowance is provided). *Provided*, That no portion of benefits provided under title IV–A of the Social Security Act, to the extent it is attributable to an adjustment for work-related or child care expenses (except for payments or reimbursements for such expenses made under an employment, education, or training program initiated under such title after the date of enactment of the Hunger Prevention Act of 1988 [September 19, 1988]) and no portion of any educational loan on which payment is deferred, grant, scholarship, fellowship, veterans' benefits, and the like that are provided for living expenses, shall be considered such reimbursement, (6) moneys received and used for the care and maintenance of a third-party beneficiary who is not a household member, *except that child support payments made by a household member to or for a person who is not a member of the household shall be excluded from the income of the household of the person making the payments if such household member was legally obligated to make the payments*, (7) income earned by a child who is a member of the household, who is a student, and who has not attained his eighteenth birthday, (8) moneys received in the form of nonrecurring lump-sum payments, including, but not limited to, income tax refunds, rebates, or credits, cash donations based on need that are received from one or more private nonprofit charitable organizations, but not in excess of $300 in the aggregate in a quarter, retroactive lump-sum social security or railroad retirement pension payments and retroactive lump-sum insurance settlements: *Provided*, That such payments shall be counted as resources, unless specifically excluded by other laws, (9) the cost of producing self-employed income, but household income that otherwise is included under this subsection shall be reduced by the extent that the cost of producing self-employment income exceeds the income derived from self-employment as a farmer, (10) any income that any other Federal law specifically excludes from consideration as income for purposes of determining eligibility for the food stamp program except as otherwise provided in subsection (k) of this section, (11) any payments or allowances made for the purpose of providing energy assistance (A) under any Federal law, or (B) under any State or local laws, designated by the State or local legislative body authorizing such payments or allowances as energy assistance, and determined by the Secretary to be calculated as if provided by the State or local government involved on a seasonal basis for an aggregate period not to exceed six months in any year even if such payments or allowances (including tax credits) are not provided on a seasonal basis because it would be administratively infeasible or impracticable to do so, (12) through September 30 of any fiscal year, any increase in income attributable to a cost-of-living adjustment made on or after July 1 of such fiscal year under title II or XVI of the Social Security Act (42 U.S.C. 401 et seq.), section 3(a)(1) of the Railroad Retirement Act of 1974 (45 U.S.C. 231b(a)(1)), or section 3112 of title 38, United States Code, if the household was certified as eligible to participate in the food stamp program or received an allotment in the month immediately

preceding the first month in which the adjustment was effective, (13) [at the option of a State agency and subject to subsection (m),] child support payments that are excluded under section 402(a)(8)(A)(vi) of the Social Security Act (42 U.S.C. 602(a)(8)(A)(vi)), (14) any payment made to the household under section 3507 of the Internal Revenue Code of 1986 (relating to advance payment of earned income credit), and (15) any payment made to the household under section 6(d)(4)(I) for work related expenses or for dependent care.

(e) In computing household income for purposes of determining eligibility and benefit levels for households containing an elderly or disabled member and determining benefit levels only for all other households, the Secretary shall allow a standard deduction of $85 a month for each household, except that households in Alaska, Hawaii, Guam, and the Virgin Islands of the United States shall be allowed a standard deduction of $145, $120, $170, and $75, respectively. Such standard deductions shall be adjusted (1) on October 1, 1983, to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food and the home owners' costs and maintenance and repair component of shelter costs, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the fifteen months ending the preceding March 31, (2) on October 1, 1984, to the nearest lower dollar increment to reflect such changes for the fifteen months ending the preceding June 30, (3) on October 1, 1985, and October 1, 1986, to the nearest lower dollar increment to reflect such changes for the twelve months ending the preceding June 30, and (4) on October 1, 1987, and each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the Consumer Price Index for all urban consumers published by the Bureau of Labor Statistics, for items other than food, for the twelve months ending the preceding June 30. All households with earned income shall be allowed an additional deduction of 20 per centum of all earned income (other than that excluded by subsection (d) of this section), to compensate for taxes, other mandatory deductions from salary, and work expenses, except that such additional deduction shall not be allowed with respect to earned income that a household willfully or fraudulently fails (as proven in a proceeding provided for in section 6(b)) to report in a timely manner. Households, other than those households containing an elderly or disabled member, shall also be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, amounts made available and excluded for the expenses under subsection (d)(3), and expenses that are paid under section 6(d)(4)(I) for dependent care, to (1) a dependent care deduction, the maximum allowable level of which shall be $160 a month for each dependent, for the actual cost of payments necessary for the care of a dependent, regardless of the dependent s age, when such care enables a household member to accept or continue employment, or training or education which is preparatory for employment and (2) an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 per centum of monthly household income after all other applicable

deductions have been allowed[: *Provided*, That the amount of such excess shelter expense deduction shall not exceed $164 a month in the forty-eight contiguous States and the District of Columbia, and shall not exceed, in Alaska, Hawaii, Guam, and the Virgin Islands of the United States $285, $234, $199, and $121 a month, respectively, adjusted on October 1, 1988, and on each October 1 thereafter, to the nearest lower dollar increment to reflect changes in the shelter, fuel, and utilities components of housing costs in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics, as appropriately adjusted by the Bureau of Labor Statistics after consultation with the Secretary, for the twelve months ending the preceding June 30]. In computing the excess shelter expense deduction under clause (2) of the preceding sentence, a State agency may use a standard utility allowance in accordance with regulations promulgated by the Secretary, except that a State agency may use an allowance which does not fluctuate within a year to reflect seasonal variations. An allowance for a heating or cooling expense may not be used for a household that does not incur a heating or cooling expense, as the case may be, or does incur a heating or cooling expense but is located in a public housing unit which has central utility meters and charges households, with regard to such expense, only for excess utility costs. No such allowance may be used for a household that shares such expense with, and lives with, another individual not participating in the food stamp program, another household participating in the food stamp program, or both, unless the allowance is prorated between the household and the other individual, household, or both. If a State agency elects to use a standard utility allowance that reflects heating or cooling costs, it shall be made available to households receiving a payment, or on behalf of which a payment is made, under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) or other similar energy assistance program, provided that the household still incurs out-of-pocket heating or cooling expenses. A State agency may use a separate standard utility allowance for households on behalf of which such payment is made, but may not be required to do so. A State agency not electing to use a separate allowance, and making a single standard utility allowance available to households incurring heating or cooling expenses (other than households described in the sixth sentence of this subsection) may not be required to reduce such allowance due to the provision (direct or indirect) of assistance under the Low-Income Home Energy Assistance Act of 1981. For purposes of the food stamp program, assistance provided under the Low-Income Home Energy Assistance Act of 1981 shall be considered to be prorated over the entire heating or cooling season for which it was provided. A State agency shall allow a household to switch between any standard utility allowance and a deduction based on its actual utility costs at the end of any certification period and up to one additional time during each twelve-month period. Households containing an elderly or disabled member shall also be entitled, with respect to expenses other than expenses paid on behalf of the household by a third party, to—

(A) an excess medical expense deduction for that portion of the actual cost of allowable medical expenses, incurred by el-

derly or disabled members, exclusive of special diets, that exceed $35 a month;

(B) a dependent care deduction, the maximum allowable level of which shall be the same as that contained in clause (1) of the fourth sentence of this subsection, for the actual cost of payments necessary for the care of a dependent, regardless of the dependent's age, when such care enables a household member to accept or continue employment, or training or education that is preparatory for employment; and

(C) an excess shelter expense deduction to the extent that the monthly amount expended by a household for shelter exceeds an amount equal to 50 per centum of monthly household income after all other applicable deductions have been allowed.

State agencies shall offer eligible households a method of claiming a deduction for recurring medical expenses that are initially verified under the excess medical expense deduction provided for in subparagraph (A), in lieu of submitting information or verification on actual expenses on a monthly basis. The method described in the preceding sentence shall be designed to minimize the administrative burden for eligible elderly and disabled household members choosing to deduct their recurrent medical expenses pursuant to such method, shall rely on reasonable estimates of the member's expected medical expenses for the certification period (including changes that can be reasonably anticipated based on available information about the member's medical condition, public or private medical insurance coverage, and the current verified medical expenses incurred by the member), and shall not require further reporting or verification of a change in medical expenses if such a change has been anticipated for the certification period.

(f)(1)(A) Household income for those households that, by contract for other than an hourly or piecework basis or by self-employment, derive their annual income in a period of time shorter than one year shall be calculated by averaging such income over a twelve-month period. Notwithstanding the preceding sentence, household income resulting from the self-employment of a member in a farming operation, who derives income from such farming operation and who has irregular expenses to produce such income, may, at the option of the household, be calculated by averaging such income and expenses over a 12-month period. Notwithstanding the first sentence, if the averaged amount does not accurately reflect the household's actual monthly circumstances because the household has experienced a substantial increase or decrease in business earnings, the State agency shall calculate the self-employment income based on anticipated earnings.

(B) Household income for those households that receive nonexcluded income of the type described in subsection (d)(3) of this section shall be calculated by averaging such income over the period for which it is received.

(2)(A) Except as provided in subparagraphs (B), (C,) and (D), households shall have their incomes calculated on a prospective basis, as provided in paragraph (3)(A), or, at the option of the State agency, on a retrospective basis, as provided in paragraph (3)(B).

(B) In the case of the first month, or at the option of the State, the first and second months, during a continuous period in which a

household is certified, the State agency shall determine eligibility and the amount of benefits on the basis of the household's income and other relevant circumstances in such first or second month.

(C) Households specified in clauses (i), (ii), (iii), and (iv) of section 6(c)(1)(A) shall have their income calculated on a prospective basis, as provided in paragraph (3)(A).

(D) Except as provided in subparagraph (B), households required to submit monthly reports of their income and household circumstances under section 6(c)(1) shall have their income calculated on a retrospective basis, as provided in paragraph (3)(B).

(3)(A) Calculation of household income on a prospective basis is the calculation of income on the basis of the income reasonably anticipated to be received by the household during the period for which eligibility or benefits are being determined. Such calculation shall be made in accordance with regulations prescribed by the Secretary which shall provide for taking into account both the income reasonably anticipated to be received by the household during the period for which eligibility or benefits are being determined and the income received by the household during the preceding thirty days.

(B) Calculation of household income on a retrospective basis is the calculation of income for the period for which eligibility or benefits are being determined on the basis of income received in a previous period. Such calculation shall be made in accordance with regulations prescribed by the Secretary which may provide for the determination of eligibility on a prospective basis in some or all cases in which benefits are calculated under this paragraph. Such regulations shall provide for supplementing the initial allotments of newly applying households in those cases in which the determination of income under this paragraph causes serious hardship.

(4) In promulgating regulations under this subsection, the Secretary shall consult with the Secretary of Health and Human Services in order to assure that, to the extent feasible and consistent with the purposes of this Act and the Social Security Act [(42 U.S.C. 301 et seq.)], the income of households receiving benefits under this Act and title IV-A of the Social Security Act [(42 U.S.C. 601 et seq.)] is calculated on a comparable basis under the two Acts. The Secretary is authorized, upon the request of a State agency, to waive any of the provisions of this subsection (except the provisions of paragraph (2)(A)) to the extent necessary to permit the State agency to calculate income for purposes of this Act on the same basis that income is calculated under title IV-A of the Social Security Act [(42 U.S.C. 601 et seq.)] in that State.

(g)(1) The Secretary shall prescribe the types and allowable amounts of financial resources (liquid and nonliquid assets) an eligible household may own, and shall, in so doing, assure that a household otherwise eligible to participate in the food stamp program will not be eligible to participate if its resources exceed $2,000, or, in the case of a household which consists of or includes [a member who is 60 years of age or older,] *an elderly or disabled member*, if its resources exceed $3,000.

(2) The Secretary shall, in prescribing inclusions in, and exclusions from, financial resources, follow the regulations in force as of June 1, 1982 (other than those relating to licensed vehicles and in-

accessible resources), and shall, in addition, include in financial resources any boats, snowmobiles, and airplanes, used for recreational purposes, any vacation homes, any mobile homes used primarily for vacation purposes, any licensed vehicle (other than one used to produce earned income or that is necessary for transportation of a physically disabled household member and any other property, real or personal, to the extent that it is directly related to the maintenance or use of such vehicle) used for household transportation or used to obtain or continued employment to the extent that the fair market value of any such vehicle exceeds [$4,500] *$5,500 (adjusted on October 1, 1992, and each October 1 thereafter, to reflect changes in the index determined by the Secretary to be most reasonable, for the 12 months ending on the preceding June 30 of the year)*, and regardless of whether there is a penalty for early withdrawal, any savings or retirement accounts (including individual accounts).

(3) The Secretary shall exclude from financial resources the value of a burial plot for each member of a household and nonliquid resources necessary to allow the household to carry out a plan for self-sufficiency approved by the State agency that constitutes adequate participation in an employment and training program under section 6(d).

(4) In the case of farm property (including land, equipment, and supplies) that is essential to the self-employment of a household member in a farming operation, the Secretary shall exclude from financial resources the value of such property until the expiration of the 1-year period beginning on the date such member ceases to be self-employed in farming.

(5) The Secretary shall promulgate rules by which State agencies shall develop standards for identifying kinds of resources that, as a practical matter, the household is unlikely to be able to sell for any significant return because the household's interest is relatively slight or because the cost of selling the household's interest would be relatively great. Resources so identified shall be excluded as inaccessible resources.

(h)(1) The Secretary shall, after consultation with the official empowered to exercise the authority provided for by sections 402 and 502 of the Disaster Relief and Emergency Assistance Act [(42 U.S.C. 5170a and 5192)], establish temporary emergency standards of eligibility for the duration of the emergency for households who are victims of a disaster which disrupts commercial channels of food distribution, if such households are in need of temporary food assistance and if commercial channels of food distribution have again become available to meet the temporary food needs of such households. Such standards as are prescribed for individual emergencies may be promulgated without regard to section 4(c) of this Act or the procedures set forth in section 553 of title 5 of the United States Code.

(2) The Secretary shall—

(A) establish a Food Stamp Disaster Task Force to assist States in implementing and operating the disaster program and the regular food stamp program in the disaster area; and

(B) if the Secretary, in the Secretary's discretion, determines that it is cost-effective to send members of the Task Force to

the disaster area, the Secretary shall send them to such area as soon as possible after the disaster occurs to provide direct assistance to State and local officials.

(3)(A) The Secretary shall provide, by regulation, for emergency allotments to eligible households to replace food destroyed in a disaster. The regulations shall provide for replacement of the value of food actually lost up to a limit approved by the Secretary not greater than the applicable maximum monthly allotment for the household size.

(B) The Secretary shall adjust reporting and other application requirements to be consistent with what is practicable under actual conditions in the affected area. In making this adjustment, the Secretary shall consider the availability of the State agency's offices and personnel and any damage to or disruption of transportation and communication facilities.

(i)(1) For purposes of determining eligibility for and the amount of benefits under this Act for an individual who is an alien as described in section 6(f)(2)(B) of this Act, the income and resources of any person who as a sponsor of such individual's entry into the United States executed an affidavit of support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse if such spouse is living with the sponsor, shall be deemed to be the income and resources of such individual for a period of three years after the individual's entry into the United States. Any such income deemed to be income of such individual shall be treated as unearned income of such individual.

(2)(A) The amount of income of a sponsor, and the sponsor's spouse if living with the sponsor, which shall be deemed to be the unearned income of an alien for any year shall be determined as follows:

(i) the total yearly rate of earned and unearned income of such sponsor, and such sponsor's spouse if such spouse is living with the sponsor, shall be determined for such year under rules prescribed by the Secretary;

(ii) the amount determined under clause (i) of this subparagraph shall be reduced by an amount equal to the income eligibility standard as determined under section 5(c) of this Act for a household equal in size to the sponsor, the sponsor's spouse if living with the sponsor, and any persons dependent upon or receiving support from the sponsor or the sponsor's spouse if the spouse is living with the sponsor; and

(iii) the monthly income attributed to such alien shall be one-twelfth of the amount calculated under clause (ii) of this subparagraph.

(B) The amount of resources of a sponsor, and the sponsor's spouse if living with the sponsor, which shall be deemed to be the resources of an alien for any year shall be determined as follows:

(i) the total amount of the resources of such sponsor and such sponsor's spouse if such spouse is living with the sponsor shall be determined under rules prescribed by the Secretary;

(ii) the amount determined under clause (i) of this subparagraph shall be reduced by $1,500; and

(iii) the resources determined under clause (ii) of this subparagraph shall be deemed to be resources of such alien in addition to any resources of such alien.

(C)(i) Any individual who is an alien shall, during the period of three years after entry into the United States, in order to be an eligible individual or eligible spouse for purposes of this Act, be required to provide to the State agency such information and documentation with respect to the alien's sponsor and sponsor's spouse as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from such sponsor necessary for any such determination. Such alien shall also be required to provide such information and documentation which such alien or the sponsor provided in support of such alien's immigration application as the State agency may request.

(ii) The Secretary shall enter into agreements with the Secretary of State and the Attorney General whereby any information available to such persons and required in order to make any determination under this section will be provided by such persons to the Secretary, and whereby such persons shall inform any sponsor of an alien, at the time such sponsor executes an affidavit of support or similar agreement, of the requirements imposed by this section.

(D) Any sponsor of an alien, and such alien, shall be jointly and severably liable for an amount equal to any overpayment made to such alien during the period of three years after such alien's entry into the United States, on account of such sponsor's failure to provide correct information under the provisions of this section, except where such sponsor was without fault, or where good cause for such failure existed. Any such overpayment which is not repaid shall be recovered in accordance with the provisions of section 13(b)(2) of this Act.

(E) The provisions of this subsection shall not apply with respect to any alien who is a member of the sponsor's household, as defined in section 3(i) of this Act.

(j) Notwithstanding subsections (a) through (i), a State agency may consider the resources of a household member who receives supplemental security income benefits under title XVI of the Social Security Act (42 U.S.C. 1382 et seq.), aid to the aged, blind, or disabled under title I, X, XIV, or XVI of the Social Security Act (42 U.S.C. 301 et seq.) or who receives benefits under a State plan approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) and whose income does not exceed the applicable income standard of eligibility described in subsection (c)(2) to be exempt for purposes of satisfying the resource limitations prescribed under subsection (g) if the resources are considered exempt for purposes of such title.

(k)(1) For purposes of subsection (d)(1), except as provided in paragraph (2), assistance provided to a third party on behalf of a household by a State or local government shall be considered money payable directly to the household if the assistance is provided in lieu of—

(A) a regular benefit payable to the household for living expenses under a State plan for aid to families with dependent

children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

(B) a benefit payable to the household for living expenses under—

(i) a State or local general assistance program; or

(ii) another basic assistance program comparable to general assistance (as determined by the Secretary).

(2) Paragraph (1) shall not apply to—

(A) medical assistance;

(B) child care assistance;

(C) energy assistance;

(D) assistance provided by a State or local housing authority;

(E) emergency assistance for migrant or seasonal farmworker households during the period such households are in the job stream;

[(F) housing assistance payments made to a third party on behalf of a household residing in transitional housing for the homeless in an amount equal to 50 percent of the maximum shelter allowance provided to families not residing in such transitional housing under the States' plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);]

(F) housing assistance payments made to a third party on behalf of a household residing in transitional housing for the homeless;

(G) emergency and special assistance, to the extent excluded in regulations prescribed by the Secretary; or

(H) assistance provided to a third party on behalf of a household under a State or local general assistance program, or another local basic assistance program comparable to general assistance (as determined by the Secretary), if, under State law, no assistance under the program may be provided directly to the household in the form of a cash payment.

(3) For purposes of subsection (d)(1), educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like that are provided to a third party on behalf of a household for living expenses shall be treated as money payable directly to the household.

(l) Notwithstanding section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), earnings to individuals participating in on-the-job training programs under section 204(5) of the Job Training Partnership Act [(29 U.S.C. 1604(5))] shall be considered earned income for purposes of the food stamp program, except for dependents less than 19 years of age.

[(m) If a State agency excludes payments from income for purposes of the food stamp program under subsection (d)(13), such State agency shall pay to the Federal Government, in a manner prescribed by the Secretary, the cost of any additional benefits provided to households in such State that arise under such program as the result of such exclusion.]

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RESEARCH, DEMONSTRATION, AND EVALUATIONS

SEC. 17. (a)(1) * * *
(b)(1)(A) * * *
(c) * * *

* * * * * * *

(k)(1) The Secretary shall conduct, and may permit States, on their initiative, to conduct, pilot projects that test changes in, and new, food stamp program administrative and eligibility determination procedures designed to increase participation in rural areas.

(2) Projects under paragraph (1) shall be carried out over not less than a 2-year period and shall test changes in administrative and eligibility determination procedures suggested by research on barriers to participation in rural areas and State agency experience, including—

(A) conducting certification activities that would otherwise be conducted in offices of the State agency, by mail, by telephone, or at other locations;

(B) increased flexibility in offcie hours and more accessible sites for eligibility certification and benefit issuance;

(C) expanded provision of program information;

(D) outstationing of State agency staff;

(E) State agency processing of social security numbers;

(F) reduced verification and reporting requirements;

(G) changes in the rules governing how household assets are counted in eligibility determinations; and

(H) coordination with and use of personnel administering the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914 (38 Stat. 373, chapter 79; 7 U.S.C. 343(d)) and section 1425 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125), community action agencies, and other local resources in providing program information, screening and advising applicants, and providing transportation.

(3) In carrying out pilot projects under this subsection, the Secretary shall give priority to projects encompassing more than one substantial change in administrative and eligibility determination procedures and may pay up to 60 percent of the administrative costs related to implementation of pilot projects authorized under this subsection.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 18. (a)(1) * * *
(b)(1) * * *
(c) * * *

* * * * * * *

(g) Of amounts appropriated to carry out this section, not to exceed $1,000,000 in any fiscal year may be used by the Secretary to make grants to public or private nonprofit organizations or agencies, in one or more areas of the United States, for projects designed to

improve the effectiveness of the food stamp program in delivering food assistance to homeless individuals.

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NATIONAL SCHOOL LUNCH ACT

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NUTRITIONAL AND OTHER PROGRAM REQUIREMENTS

SEC. 9. (a)(1) Lunches served by schools participating in the school lunch program under this Act shall meet minimum nutritional requirements prescribed by the Secretary on the basis of tested nutritional research; except that such minimum nutritional requirements shall not be construed to prohibit the substitution of foods to accommodate the medical or other special dietary needs of individual students.

[(2) Lunches served by schools participating in the school lunch program under this Act shall offer students fluid whole milk and fluid unflavored lowfat milk.**]**

(2) Lunches served by schools participating in the school lunch program under this Act shall offer students fluid milk.

(3) The Secretary shall establish, in cooperation with State educational agencies, administrative procedures, which shall include local educational agency and student participation, designed to diminish waste of foods which are served by schools participating in the school lunch program under this Act without endangering the nutritional integrity of the lunches served by such schools.

(4) Students in senior high schools that participate in the school lunch program under this Act (and, when approved by the local school district or nonprofit private schools, students in any other grade level) shall not be required to accept offered foods they do not intend to consume, and any such failure to accept offered foods shall not affect the full charge to the student for a lunch meeting the requirements of this subsection or the amount of payments made under this Act to any such school for such lunch.

* * * * * * *

CHILD AND ADULT CARE FOOD PROGRAM

SEC. 17. (a) *(1)* The Secretary may carry out a program to assist States through grants-in-aid and other means to initiate, maintain, and expand nonprofit food service programs for children in institutions providing child care.

(2)(a) For purposes of this section, the term "institution" means any public or private nonprofit organization providing nonresidential child care, including, but not limited to, child care centers, settlement houses, recreational centers, Head Start centers, and institutions providing child care facilities for children with handicaps **[**; and such term shall also mean any other private organization providing nonresidential day care services for which it receives compensation from amounts granted to the States under title XX of the Social Security Act (but only if such organization receives compensation under such title for at least 25 percent of the chil-

dren for which the organization provides such nonresidential day care services).]].

(B) For purposes of this section, the term 'institution' shall also mean any other private organization providing nonresidential day care services if—

(i) at least 25 percent of the children served by the organization meet the income eligibility criteria established under section 9(b) for free or reduced price meals; and

(ii) as a result of the participation of the organization in the program established under this section—

(I) the nutritional content or quality of meals and snacks served to children under the care of the organization will be improved; or

(II) fees charged by the organization for the care of the children described in clause (i) will be lowered.

(3) In addition, the term "institution" shall include programs developed to provide day care outside school hours for schoolchildren, and public or nonprofit private organizations that sponsor family or group day care homes.

(4) Reimbursement may be provided under this section only for meals or supplements served to children not over 12 years of age (except that such age limitation shall not be applicable for children of migrant workers if 15 years of age or less or for children with handicaps).

(5) The Secretary may establish separate guidelines for institutions that provide care to school children outside of school hours.

(6) For purposes of determining eligibility—

[(1)] *(A)* no institution, other than a family or group day care home sponsoring organization, or family or group day care home shall be eligible to participate in the program unless it has Federal, State, or local licensing or approval, or is complying with appropriate renewal procedures as prescribed by the Secretary and the State has no information indicating that the institution's license will not be renewed; or where Federal, State, or local licensing or approval is not available, it receives funds under title XX of the Social Security Act or otherwise demonstrates that it meets either any applicable State or local government licensing or approval standards or approval standards established by the Secretary after consultation with the Secretary of Health and Human Services; and

[(2)] *(B)* no institution shall be eligible to participate in the program unless it satisfies the following criteria:

[*(A)*] *(i)* accepts final administrative and financial responsibility for management of an effective food service;

[*(B)*] *(ii)* has not been seriously deficient in its operation of the child care food program, or any other program under this Act or the Child Nutrition Act of 1966 for a period of time specified by the Secretary; and

[*(C)*] *(iii)* will provide adequate supervisory and operational personnel for overall monitoring and management of the child care food program.

(b) For the fiscal year ending September 30, 1979, and for each subsequent fiscal year, the Secretary shall provide cash assistance to States for meals as provided in subsection (f) of this section,

except that, in any fiscal year, the aggregate amount of assistance provided to a State by the Secretary under this section shall not exceed the sum of (1) the Federal funds provided by the State to participating institutions within the State for that fiscal year and (2) any funds used by the State under section 10 of the Child Nutrition Act of 1966.

(c) (1) For purposes of this section, the national average payment rate for free lunches and suppers, the national average payment rate for reduced price lunches and suppers, and the national average payment rate for paid lunches and suppers shall be the same as the national average payment rates for free lunches, reduced price lunches, and paid lunches, respectively, under sections 4 and 11 of this Act as appropriate (as adjusted pursuant to section 11(a) of this Act).

(2) For purposes of this section, the national average payment rate for free breakfasts, the national average payment rate for reduced price breakfasts, and the national average payment rate for paid breakfasts shall be the same as the national average payment rates for free breakfast, reduced price breakfasts, and paid breakfasts, respectively, under section 4(b) of the Child Nutrition Act of 1966 (as adjusted pursuant to section 11(a) of this Act).

(3) For purposes of this section, the national average payment rate for free supplements shall be 30 cents, the national average payment rate for reduced price supplements shall be one-half the rate for free supplements, and the national average payment rate for paid supplements shall be 2.75 cents (as adjusted pursuant to section 11(a) of this Act).

(4) Determinations with regard to eligibility for free and reduced price meals and supplements shall be made in accordance with the income eligibility guidelines for free lunches and reduced price lunches, respectively, under section 9 of this Act.

(d)(1) Any eligible public institution shall be approved for participation in the child care food program upon its request. Any eligible private institution shall be approved for participation if it (A) has tax exempt status under the Internal Revenue Code of 1986 or, under conditions established by the Secretary, is moving toward compliance with the requirements for tax exempt status, or (B) is currently operating a Federal program requiring nonprofit status. Family or group day care homes need not have individual tax exempt certification if they are sponsored by an institution that has tax exempt status, or, under conditions established by the Secretary, such institution is moving toward compliance with the requirements for tax exempt status or is currently operating a Federal program requiring nonprofit status. An institution applying for participation under this section shall be notified of approval or disapproval in writing within thirty days after the date its completed application is filed. If an institution submits an incomplete application to the State, the State shall so notify the institution within fifteen days of receipt of the application, and shall provide technical assistance, if necessary, to the institution for the purpose of completing its application.

(2)(A) The Secretary shall develop a policy that allows institutions providing child care that participate in the program under

this section, at the option of the State agency, to reapply for assistance under this section at 2-year intervals.

(B) Each State agency that exercises the option authorized by subparagraph (A) shall confirm on an annual basis that each such institution is in compliance with the licensing or approval provisions of [subsection (a)(1)] *subsection (a)(6)(A).*

(e)(1) * * *

(f)(1) * * *

(g)(1) * * *

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[(p)(1) From amounts appropriated or otherwise made available for purposes of carrying out this section, the Secretary shall carry out 2 statewide demonstration projects under which private for-profit organizations providing nonresidential day care services shall qualify as institutions for the purposes of this section. An organization may participate in a demonstration project described in the preceding sentence if—

[(A) at least 25 percent of the children served by such organization meet the income eligibility criteria established under section 9(b) for free or reduced price meals; and

[(B) as a result of the participation of the organization in the project—

[(i) the nutritional content or quality of meals and snacks served to children under the care of such organization will be improved; or

[(ii) fees charged by such organization for the care of the children described in subparagraph (A) will be lowered.

[(2) Under each such project, the Secretary shall examine—

[(A) the budgetary impact of the change in eligibility being tested;

[(B) the extent to which, as a result of such change, additional low-income children can be reached; and

[(C) which outreach methods are most effective.

[(3) The Secretary shall choose to conduct demonstration projects under this subsection—

[(A) 1 State that—

[(i) has a history of participation of for-profit organizations in the child care food program;

[(ii) allocates a significant proportion of the amounts it receives for child care under title XX of the Social Security Act in a manner that allows low-income parents to choose the type of child care their children will receive;

[(iii) has other funding mechanisms that support parental choice for child care;

[(iv) has a large, State-regulated for-profit child care industry that serves low-income children; and

[(v) has large sponsors of family or group day care homes that have a history of recruiting and sponsoring for-profit child care centers in the child care food program; and

[(B) State in which—

[(i) the majority of children for whom child care arrangements are made are being cared for in center-based child care facilities;

[(ii) for-profit child care centers and preschools are located throughout the State and serve both rural and urban populations;

[(iii) at least ⅓ of the licensed child care centers and preschools operate as for-profit facilities;

[(iv) all licensed facilities are subject to identical nutritional requirements for food service that are similar to those required under the child care food program; and

[(v) less than 1 percent of child care centers participating in the child care food program receive assistance under title XX of the Social Security Act.

[(4) Such project shall—

[(A) commence not earlier than May 1, 1990, and not later than June 30, 1990; and

[(B) terminate on September 30, 1992.]

SEC. 17A. MEAL SUPPLEMENTS FOR CHILDREN IN AFTERSCHOOL CARE.

(a) GENERAL AUTHORITY.—

(1) GRANTS TO STATES.—The Secretary shall carry out a program to assist States through grants-in-aid and other means to provide meal supplements to children in afterschool care in eligible elementary and secondary schools.

(2) ELIGIBLE SCHOOLS.—For the purposes of this section, the term "eligible elementary and secondary schools" means schools that—

(A) operate school lunch programs under this Act, *and*

(B) sponsor afterschool care programs[; and].

[(C) are participating in the child care food program under section 17 on May 15, 1989.]

(b) ELIGIBLE CHILDREN.—Reimbursement may be provided under this section only for supplements served to children—

(1) who are not more than 12 years of age; or

(2) in the case of children of migrant workers or children with handicaps, who are not more than 15 years of age.

(c) REIMBURSEMENT.—For the purposes of this section, the national average payment rate for supplements shall be equal to those established under section 17(c)(3) (as adjusted pursuant to section 11(a)(3)).

(d) CONTENTS OF SUPPLEMENTS.—The requirements that apply to the content of meal supplements served under child care food programs operated with assistance under this Act shall apply to the content of meal supplements served under programs operated with assistance under this section.

PILOT PROJECTS

SEC. 18. (a) The Secretary may conduct pilot projects in not more than three States in which the Secretary is currently administering programs to evaluate the effects of the Secretary contracting with private profit and nonprofit organizations to act as a State agency under this Act and the Child Nutrition Act of 1966 for

schools, institutions, or service institutions referred to in section 10 of this Act and section 5 of the Child Nutrition Act of 1966.

(b)(1) Upon request to the Secretary, any school district that on January 1, 1987, was receiving all cash payments or all commodity letters of credit in lieu of entitlement commodities for its school lunch program shall receive all cash payments or all commodity letters of credit in lieu of entitlement commodities for its school lunch program beginning July 1, 1987, and ending September 30, 1992. The Secretary, directly or through contract, shall administer the project under this subsection.

(2) Any school district that elects under paragraph (1) to receive all cash payments or all commodity letters of credit in lieu of entitlement commodities for its school lunch program shall receive bonus commodities in the same manner as if such school district was receiving all entitlement commodities for its school lunch program.

(c)(1) The Secretary shall conduct demonstration projects designed to provide food service throughout the year to homeless children under the age of 6 in emergency shelters.

(2)(A) The Secretary shall enter into agreements with private nonprofit organizations to participate in the projects under this subsection.

(B) The Secretary shall establish eligibility requirements for private nonprofit organizations that desire to participate in the projects under this subsection. Such requirements shall include the following:

(i) Each such organization shall operate not more than 5 food service sites under the project and shall serve not more than 300 homeless children at each such site.

(ii) Each site operated by each such organization shall meet applicable State and local health, safety, and sanitation standards.

(3)(A) Projects under this subsection shall use the same meal patterns and shall receive reimbursement payments for meals and supplements at the same rates provided to child care centers participating in the child care food program under section 17 for free meals and supplements.

(B) Homeless children under the age of 6 in emergency shelters shall be considered eligible for free meals without application.

(4) For purposes of this subsection, the term "emergency shelter" has the meaning given such term in section 321(2) of the Stewart B. McKinney Homeless Assistance Act.

(5)(A) [Except as provided in subparagraph (B), the Secretary shall expend to carry out this subsection from amounts appropriated for purposes of carrying out this Act not less than $50,000 in the fiscal year 1990 and not less than $350,000 in each of the fiscal years 1991, 1992, 1993, and 1994, in addition to any amounts made available under section 7(a)(5)(B)(i)(I) of the Child Nutrition Act of 1966.] *Except as provided in subparagraph (B), the Secretary shall expend to carry out this subsection, from amounts appropriated to carry out this Act, not less than $2,000,000 in fiscal year 1992, not less than $2,000,000 in fiscal year 1993, and not less than $3,000,000 in fiscal year 1994, in addition to any amounts made available under section 7(a)(5)(B)(i)(I) of the Child Nutrition Act of 1966 (42*

U.S.C. 1776(a)(5)(B)(i)(I)), except that not more than $5,000,000 shall be expended for the program authorized by this subsection in any fiscal year. Any amounts expended under the preceding sentence shall be used solely to provide grants on an annual basis to private nonprofit organizations for the conduct of projects under this subsection.

(B) The Secretary may expend less than the amount required under subparagraph (A) if there is an insufficient number of suitable applicants.

(6) At least 1 project under this subsection shall commence operations not later than September 30, 1990, and all such projects shall cease to operate not later than September 30, 1994.

(d)(1)(A) The Secretary shall carry out a pilot program for purposes of identifying alternatives to—

(i) daily counting by category of meals provided by school lunch programs under this Act; and

(ii) annual applications for eligibility to receive free meals or reduced price meals.

(B) For the purposes of ~~carrying~~ out the pilot program under this paragraph, the Secretary may waive requirements of this Act relating to counting of meals provided by school lunch programs and applications for eligibility.

(C) For the purposes of carrying out the pilot program under this paragraph, the Secretary shall solicit proposals from State educational agencies and local educational agencies for the alternatives described in subparagraph (A).

(2)(A) The Secretary shall carry out a pilot program under which a limited number of schools participating in the special assistance program under section 11(a)(1) that have in attendance children at least 80 percent of whom are eligible for free lunches or reduced price lunches shall submit applications for a 3-year period.

(B) Each school participating in the pilot program under this paragraph shall have the option of determining the number of free meals, reduced price meals, and paid meals provided daily under the school lunch program operated by such school by applying percentages determined under subparagraph (C) to the daily total student meal count.

(C) The percentages determined under this subparagraph shall be established on the basis of the master roster of students enrolled in the school concerned, which—

(i) shall include a notation as to the eligibility status of each student with respect to the school lunch program; and

(ii) shall be updated not later than September 30 of each year.

(3)(A) The Secretary shall carry out a pilot program under which a limited number of schools participating in the special assistance program under section 11(a)(1) that have universal free school lunch programs shall have the option of determining the number of free meals, reduced price meals, and paid meals provided daily under the school lunch program operated by such school by applying percentages determined under subparagraph (B) to the daily total student meal count.

(B) The percentages determined under this subparagraph shall be established on the basis of the master roster of students enrolled in the school concerned which—

(i) shall include a notation as to the eligibility status of each student with respect to the school lunch program; and

(ii) shall be updated not later than September 30 of each year.

(C) For the purposes of this paragraph, a universal free school lunch program is a program under which the school operating the program elects to serve all children in that school free lunches under the school lunch program during any period of 3 successive years and pays, from sources other than Federal funds, for the costs of serving such lunches which are in excess of the value of assistance received under this Act with respect to the number of lunches served during that period.

(4) In addition to the pilot projects described in this subsection, the Secretary may conduct other pilot projects to test alternative counting and claiming procedures.

(5) Each pilot program carried out under this subsection shall be evaluated by the Secretary after it has been in operation for 3 years.

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